The Economic Impact Of Surfing In Huanchaco World Surfing Reserve, Peru

Trent E. Hodges

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SAVE THE WAVES COALITION

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Abstract

To quantify the economic impact of surfing on the economy of Huanchaco, Peru, a survey was completed continuously over a yearlong period from October 10, 2013 to October 22, 2014. In total, 406 surveys were collected from tourists visiting the beaches of Huanchaco. The survey was designed to extract economic and demographic information from surfers in order to quantify the economic impact of the sport on the local economy of Huanchaco. It was found that the average surfer spends approximately $45 US dollars a day. A very conservative visitation level estimate of 6,739 tourist surfer days a year conducted by the Huanchaco tourism board shows that surf tourism could add $303,255 US dollars annually into the economy.

Introduction

Coastal resource conservation requires an understanding of the natural, social, and economic characteristics of the area. Waves are a natural resource on the coast and the sport of surfing is a major reason tourists visit a certain beach. A study conducted in 2000 found that Californians spent more days surfing in coastal waters (22.6 million days) than they spent fishing, diving, or kayaking (Leeworthy and Wiley, 2001). Despite its popularity, it is challenging for the sport to be taken seriously in important coastal management decisions partly because little is known about the sport of surfing and its impact on the local economy. (Nelsen, 2007). As healthy coastlines around the world face a myriad of threats from development, water pollution, climate change, and countless others, it is imperative that the economic significance of surfing be assessed as a tool in the protection and enhancement of the world's coastlines.

Surfers choose to spend their money coming to a place for several reasons. Huanchaco, Peru is a unique surf destination and this study shows some of the reasons why. Not only does it attract surfers for its high quality waves, but also for the fascinating archaeological history and especially, the maritime history that continues to thrive in the area. The traditional fishing boats known as caballitos are considered some of the world's first surf crafts and give Huanchaco a certain mystique and allure for the surfing community. This survey is unique in that it captures the economic contribution of surfing, as well as critical information revealing the unique characteristics of Huanchaco that set it apart and what might threaten its status as a world class surf destination.

The evaluation of economic benefits derived from surfing, informally known as "surfonomics," has become an academically accepted and effective method for conservation efforts directed towards wave resources and their surrounding environments. This study is modeled after previous economic analysis

commissioned by Save the Waves in Pichilemu, Chile (Wright et al. 2014), Mundaka, Spain (Murphy, 2008) and in Uluwatu Bali (Margules, 2009).

This study uses the most basic form of economic analysis known as direct expenditure analysis. This technique uses an individualized survey to calculate what an average surfer might spend on items such as food, lodging, equipment, and other items to determine the impact of tourist surfers on a local economy.

Background of Study Area

Huanchaco became the fifth World Surfing Reserve on October 30, 2013. It was the first World Surfing Reserve in Latin America and boasts an amazing diversity of quality waves, a unique and vibrant cultural heritage, and broad community support.

Huanchaco is a place that harbors a robust surfing culture and maritime history. Before the Inca Empire, fishermen on the coast of Peru became masters of harvesting their food from the sea. In order to cross the impact zone and waves, the ancient Peruvians created a craft that could withstand the surf and also allow them to fish along the shore (Cueva, 2013). Known as "caballitos de totoras," these hand-woven reed boats became used by all able fishermen. It has been suggested that they were used to surf the waves coming into shore making them some of the first surf crafts in the world. They are still used today in Huanchaco and represent the strong maritime culture that persists on this coastline.

Figure 1: World Surfing Reserve Map Save the Waves Coalition

Figure 2: Community support of Huanchaco World Surfing Reserve Save the Waves Coalition

Huanchaco is located 12 kilometers west of the city of Trujillo in Northern Peru. The main surfing attraction is the left hand point break known as Huankarute. The point to the south of the pier is considered the beginner's wave and used by Huanchaco's surf schools.

Methods:

This study estimates the average daily expenditure of the traveling surfer in Huanchaco. Surveys were completed over a year time frame in a continuous format with no defined schedule. There were two approaches employed by surveyors to complete the project. The first was to work along the beach of the area and find surfers to take the survey. This method obtained the highest quantity of surveys and utilized a broad network of volunteers from different NGO's working in the area. Other surveys were given to the owner of Hostel Meri and distributed to guests to complete on their own time.

Although 406 surveys were completed, 306 were analyzed for information due to several reasons. 16% of the original respondents noted that they were locals in Huanchaco. Since this study is intended to estimate the economic value and demographics of the tourist surfer, these surveys were excluded. Additionally, it was found that 15% of the original 406 respondents noted that surfing was not a factor in their decision to visit. These surveys were also excluded from the analysis in order to extract economic figures that are clearly related to the sport of surfing. Lastly, some respondents noted that they were staying in Huanchaco for over 100 days. This length of stay is considered beyond the scope and definition of a surf tourist. Further analysis revealed that these respondents are usually also volunteering with an NGO or doing some other work and therefore cannot be considered a true attribute to economic data purely associated with surfing. This methodology is only effective in assessing the economic impact of tourists who come to a certain place with the sole intention of surfing.

The survey includes questions related to demographics, economic information including daily spending, surf equipment and lessons, as well as qualitative information on threats and concerns for environmental issues. The survey follows a format similar to previous Save The Waves reports and can be found in the addendum.

To extract economic information, a similar method was used as in previous studies in Pichilemu, Chile and Todos Santos Bay, Mexico. A daily average expenditure was extrapolated from expenses on items such as food, lodging, communications, surf lessons, and others. This number was calculated by dividing individual total expenditures by category per year by the number of total days spent in Huanchaco per year. The average was then calculated for all categories across all surveys and added together to get an average daily expenditure.

Results:

I. Demographics

The demographic information shows that 43% of surfers visiting Huanchaco are from Europe. 25% of surfers are from North America while 22% are from South America (Table 1).

Table 1. Country of Origin Information

Europe 43%	Germany	7.62%	North America 25%	USA	18.87%
	France	6.29%		Canada	5.96%
	Netherlands	5.96%			
	England	5.30%	South America 22%	Peru	14.90%
	Spain	4.97%		Ecuador	2.32%
	UK	2.65%		Chili	1.66%
	Italy	1.66%		Argentina	1.32%
	Switzerland	1.32%		Brasil	0.66%
	Austria	1.32%		Uruguay	0.66%
	Sweden	0.99%		Colombia	0.33%
	Ireland	0.99%		Venezuela	0.33%
	Belgium	0.99%			
	Norway	0.99%	Other 10%	Australia	7.95%
	Finland	0.66%		New Zealand	0.99%
	Denmark	0.33%		South Korea	0.66%
	Scotland	0.33%		South Africa	0.33%
	Poland	0.33%		Korea	0.33%

The average surfer who visits Huanchaco is a 27 year old male with a college education and makes $20,000 or less. Approximately 70% of the surfers are male and below the age of 29 (Table 2).

Table 2. Travelling Surfer Demographics

Gender		Age		Education		Salary	
Male	69.61%	<18	1.63%	Some High School	0.98%	Under $5,000	15.59%
Female	30.39%	18-25	46.41%	High School	13.40%	$5,000 - $10,000	11.19%
		26-29	22.22%	Some College	22.88%	$10,000 - $15,000	9.15%
		30-39	23.86%	BA/BS	37.58%	$15,000 - $20,000	9.49%
		40-55	4.58%	PS	22.55%	$20,000 - $35,000	14.24%
		55 +	1.31%	No Response	2.61%	$35,000 - $45,000	7.80%
						$45,000 - $60,000	9.15%
						$60,000 - $80,000	4.75%
						$80,000 - $99,000	0.34%
						$100,000+	2.03%
						Rather Not Specify	16.27%

II. Economic Analysis

Analyzing the economic information, it was found that on average, a surfer visiting Huanchaco spends $45 US dollars a day on items such as food, lodging, transportation, and other expenses. The average days spent surfing in Huanchaco a year is 19 days suggesting that the average surfer spends $855 US dollars per year in Huanchaco.

Table 3. Average Daily Expenditures

Category	Average Daily Expenditure US Dollars
Lodging	$12.93
Food, Snacks, Refreshments	$12.50
Local Transportation	$1.87
Night Life	$3.78
Personal Items	$0.68
Communications	$0.18
Clothing	$0.31
Laundry	$0.32
Souvenirs	$0.36
Surf Lessons	$1.31
Rented/Purchased Equipment	$10.19
Other Expenses	$0.57
Total	$45.00

III. Qualitative Analysis

Along with economic information, survey respondents were asked questions related to their decision to visit Huanchaco and what environmental issues might concern them. The results show that tourist surfers came to Huanchaco mainly for surfing but also to see waves, archaeological attractions, and basic tourism.

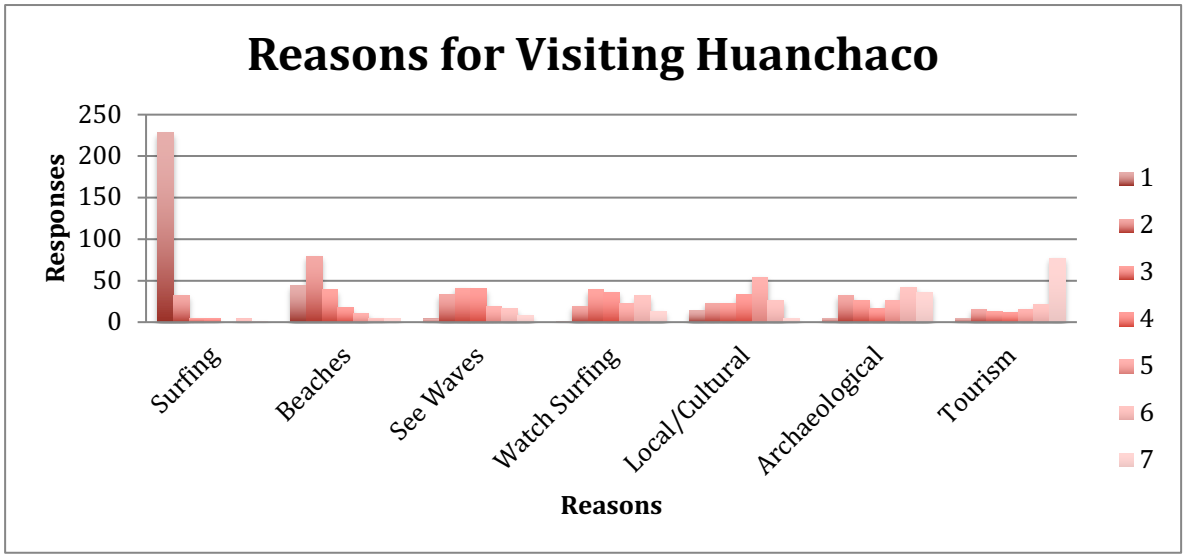

Figure 3. Reasons for Visitation

Another important portion of the qualitative information from this report was to see tourist perspectives on environmental factors that could potentially impact the surf and their decision to return. Garbage and water quality were the two environmental factors that concerned most surfers while others noted that development, erosion, and problems of overcrowding would play into their decision to return to Huanchaco.

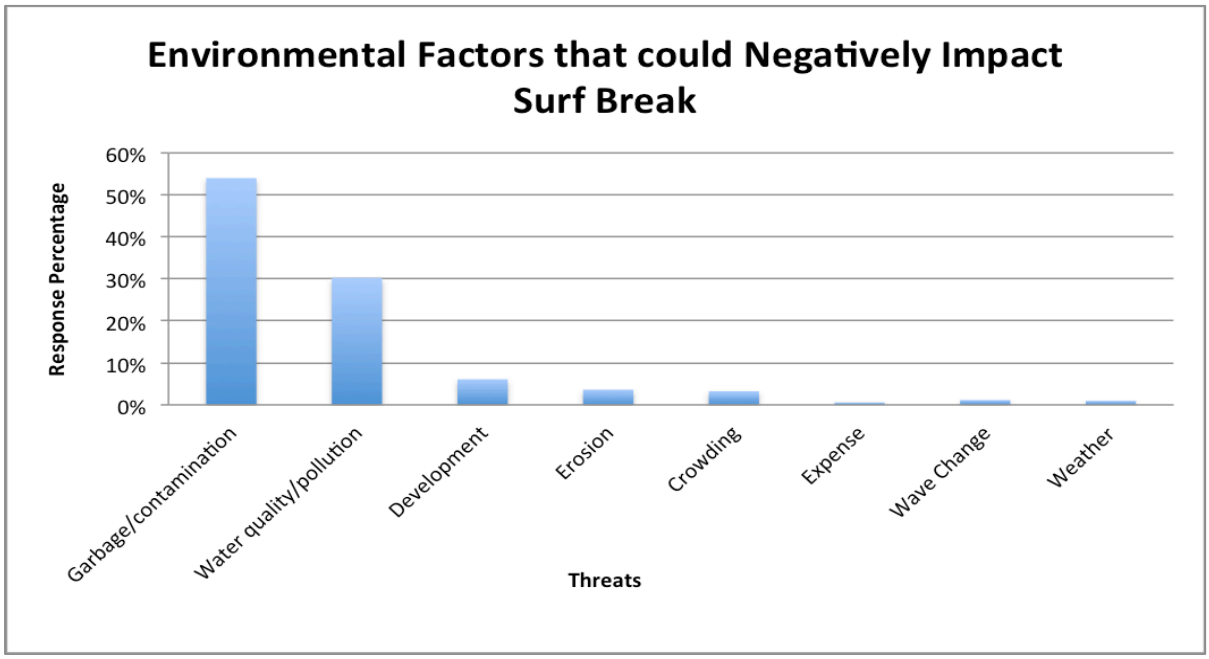

Figure 4. Negative Factors that Affect Future Visitation

Discussion:

This survey shows that the average surfer in Huanchaco spends $45 US dollars a day and spends approximately 19 days a year in Huanchaco. Compared to other expenditure analysis studies completed by Save the Waves, this number is significantly lower. This does not suggest however, that surfers are not a major contribution to the local economy, but rather shows that Peru is a less expensive country to visit. 75% of travelling surfers stay in hostels, which significantly lowers the lodging costs. For comparison, an average surfer in Chile spends $45 US dollars a night on lodging, an average surfer in Mexico spends $41 US dollars a night, while a surfer in Huanchaco spends $13 US dollars a night. Food costs are also lower than other surf destinations at $13 US dollars a day.

Another factor that contributed to the daily spending average in Huanchaco is the fact that most surfers tend to stay for an average of 19 days during their trip to the area. Due to this extended period of time, surfers may find more cost effective ways to stay in the area longer and extend their surf trip. Rather than staying in a nice hotel to surf for a few days, the Huanchaco surfer opts to stay in a hostel and spend more time in the area surfing.

Because this study focuses on direct expenditures alone, it does not take into account the travel costs and time costs associated with surfing in Huanchaco. Survey respondents noted that is costs an average of $711 US dollars to travel from their point of origin to Huanchaco. Though this money does not directly enter the local economy, it shows the value of surf tourism and that surf tourists are willing to pay a high initial cost in order to surf in Huanchaco. Further studies could estimate the consumer surplus associated with surfing in Huanchaco by completing a travel-cost analysis.

It is evident from the qualitative data that trash and garbage contamination is a major concern of all tourist surfers. The overwhelming majority of survey respondents noted that garbage and water quality are major concerns and are problems that would discourage them from visiting Huanchaco again. This suggests that if the town of Huanchaco wanted to sustain surf tourism and the economic benefits it brings to the community, a concerted effort should be focused on trash management and proper waste disposal in order to ensure that surfers continue to visit this coastline.

Conclusion

Using a beach survey of surfers in Huanchaco, Peru it was quantified that an average tourist spends approximately $45 US dollars a day. At an annual visitation rate of 6,739 tourist surfers a year, the annual economic contribution of surfing is $303,255 US dollars into the Huanchaco economy. This number however, is very conservative as a 6,739 visitation rate by tourist surfers is considered low and most likely will increase significantly in the future. As the average surfer spends 19 days per year in the area, it is calculated that a visiting surfer spends $855 US dollars a year in Huanchaco.

Waves are a valuable resource. Places that have excellent quality waves and surrounding environments draw surfers from around the globe. Waves however, are sensitive to physical coastal alterations, development, water pollution and other threats. In order for Huanchaco to continue receiving the economic benefits of surf tourism, the waves and coastal environment must be preserved and protected for the surfing economy to persist into the future.

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Nick Mucha, Save The Waves Coalition
Laura Mercado, California State Univesity at Monterey Bay
Bernardo Alva Perez, Bernardo Alva Corp.
Coco Amad, Milagro School
Cindy Zuluaga Jiménez, Center for the Blue Economy
Jaci Braga, Otra Cosa Network